

1900 Public Employees' Retirement System

The California Public Employees' Retirement System (CalPERS) administers retirement and health benefits for approximately 1.6 million active employees and retirees of state and local agencies in California. Benefits include retirement, disability, and survivor's retirement benefits; Social Security for state employees; and the development, negotiation, and administration of contracts with health maintenance organizations, group hospitals, and medical insurance plans. In addition, CalPERS administers a long-term care program for members and eligible individuals.

CalPERS is governed by a Board of Administration. The California Constitution provides that the Board of Administration has authority over the administration of the retirement system; therefore, the budget data presented here is for informational purposes only, with the exception of the component of the Health Benefits Program funded from the Public Employees' Contingency Reserve Fund.

3-YR EXPENDITURES AND POSITIONS (Summary of Program Requirements)

	Positions			Expenditures		
	2007-08	2008-09	2009-10	2007-08*	2008-09*	2009-10*
10 Retirement	707.8	824.3	821.3	\$63,339	\$72,840	\$72,418
30 Health Benefits	144.6	189.4	189.4	21,314	29,109	29,153
40 Investment Operations	192.2	239.6	239.6	53,316	58,723	58,723
50 Administration	906.0	1,092.9	1,078.4	177,144	173,531	172,007
99 Unclassified (Benefit Payments)	-	-	-	<u>12,677,509</u>	<u>14,348,528</u>	<u>15,349,686</u>
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	1,950.6	2,346.2	2,328.7	\$12,992,622	\$14,682,731	\$15,681,987

FUNDING		2007-08*	2008-09*	2009-10*
0615	State Peace Officer's and Firefighters' Defined Contribution Plan Fund	\$11,626	\$13,445	\$15,468
0815	Judges' Retirement Fund	928	1,134	1,134
0820	Legislators' Retirement Fund	377	454	454
0822	Public Employees' Health Care Fund (PEHCF)	1,392,951	1,478,724	1,559,649
0830	Public Employees' Retirement Fund	11,555,596	13,149,142	14,064,190
0833	Annuitants' Health Care Coverage Fund	1,833	2,585	3,617
0884	Judges' Retirement System II Fund	566	685	685
0950	Public Employees Contingency Reserve Fund	22,957	29,979	30,207
0962	Volunteer Firefighter Length of Service Award Fund	199	-	-
0995	Reimbursements	<u>5,589</u>	<u>6,583</u>	<u>6,583</u>
TOTALS, EXPENDITURES, ALL FUNDS		\$12,992,622	\$14,682,731	\$15,681,987

There are also non-add General Fund retirement contributions to CalPERS in the amounts of \$1,649,700 for 2007-08, \$1,663,850 for 2008-09, and \$1,663,850 for 2009-10. The Special Funds retirement contributions are \$899,837 for 2007-08, \$907,554 for 2008-09, and \$907,554 for 2009-10. The Non-Governmental Cost Funds retirement contributions are \$449,918 for 2007-08, \$435,777 for 2008-09, and \$435,777 for 2009-10. Also note that the expenditures for funds 0615, 0822, 0830 and 0833 include unclassified expenditures for benefit payments, which are detailed in the Detail of Appropriations and Adjustments.

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

Government Code, Title 2, Division 5, Parts 3 and 5; and Article XVI, Section 17, California Constitution.

DETAILED BUDGET ADJUSTMENTS

	2008-09*			2009-10*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
Workload Budget Adjustments						
Other Workload Budget Adjustments						
• Other Miscellaneous Adjustments	\$-	-\$247,620	-	\$-	\$750,855	-
• New Fund - Annuitants Health Care Coverage	-	2,033	-	-	3,065	-
• Pro Rata Adjustments	-	-	-	-	1,618	-

* Dollars in thousands

1900 Public Employees' Retirement System - Continued

	2008-09*			2009-10*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
• Employee Compensation Adjustments	-	13	-	-	22	-
• Price Increases	-	-	-	-	10	-
• Administratively Established Positions	-	-	148.9	-	-	130.3
• Retirement Rate Adjustments	-	-6	-	-	-6	-
• One Time Cost Reductions	-	-	-	-	-1,888	-
Totals, Other Workload Budget Adjustments	\$-	-\$245,580	148.9	\$-	\$753,676	130.3
Totals, Workload Budget Adjustments	\$-	-\$245,580	148.9	\$-	\$753,676	130.3
Totals, Budget Adjustments	\$-	-\$245,580	148.9	\$-	\$753,676	130.3

PROGRAM DESCRIPTIONS (Program Objectives Statement)

10 - RETIREMENT

Through this program, California Public Employees' Retirement System (CalPERS) provides retirement planning education, service and disability retirement, refunds, and survivor and death benefits for employees of California public employers. CalPERS provides special benefits based on death or disability incurred in the line of duty for members in certain occupations. As of June 30, 2008, there were 1,126,133 active and inactive members and 476,252 retirees/survivors/beneficiaries under the CalPERS system.

Basic retirement benefits are generally based upon three factors: age at retirement, years of service, and final compensation. There are different formulas for each of the member categories, such as Miscellaneous, Industrial, Peace Officer/Firefighter, California Highway Patrol, and Safety. Over 50 contract options are available to local cities, counties, and districts that contract with CalPERS. Benefits are modified by the selection of one of several options and by the employee's membership category. A member's retirement and death benefits are determined by contract provisions.

As of June 30, 2008, there were 2,626 public agency and school district employers providing CalPERS retirement, death, and survivor benefits to California public employees. CalPERS benefits are transferable for members who continue their careers with many other public employers in California as a result of agreements between CalPERS and other public agency retirement systems.

CalPERS also administers the Legislators' and Judges' Retirement Systems.

30 - HEALTH BENEFITS

Through this program, CalPERS contracts with health maintenance organizations, claim administrators, employee associations, and others to provide health and long term care insurance for state, California State University, and local Public Agency employees, retirees, and their dependents. The program negotiates and monitors health plan contracts; develops cost-effective programs; provides enrollment services to members and employers; meets and confers with employee organizations and employer representatives; maintains demographic and statistical information systems; establishes standards for Basic, Supplement to Medicare, and Managed Medicare health plans; establishes and maintains health benefits coverage for eligible employees and retirees; establishes coverage for public agencies; provides accurate and timely accounting for participating agencies and serves as an impartial intermediary between CalPERS enrollees and insurance carriers in resolving claim and service disputes.

40 - INVESTMENT OPERATIONS

Through this program, CalPERS invests funds in various investment categories (stocks, bonds, real estate, etc.) for the purpose of minimizing the employers' contributions to the system needed to provide benefits to active participants, retired members, and their beneficiaries. Since CalPERS' establishment in 1932 the System's assets have grown from \$800,000 to a total of \$239.2 billion, as of June 30, 2008.

50 - ADMINISTRATION

Through this program, CalPERS provides executive direction, specialized information, and administrative support necessary to administer all CalPERS programs. The various services include: Audits, Diversity Outreach, Executive, Fiscal Services, Human Resources, Information Technology Services, Legal, Enterprise Compliance, Governmental Affairs, Operation Support, Strategic Management Services, Public Affairs, and the Information Security Office.

EXPENDITURES BY CATEGORY (Summary By Object)

* Dollars in thousands

1900 Public Employees' Retirement System - Continued

1 State Operations	Positions			Expenditures		
	2007-08	2008-09	2009-10	2007-08*	2008-09*	2009-10*
PERSONAL SERVICES						
Authorized Positions (Equals Sch. 7A)	1,950.6	2,351.8	2,332.3	\$127,322	\$151,146	\$153,307
Total Adjustments	-	-	2.0	-	-	135
Estimated Salary Savings	-	-5.6	-5.6	-	-339	-339
Net Totals, Salaries and Wages	1,950.6	2,346.2	2,328.7	\$127,322	\$150,807	\$153,103
Staff Benefits	-	-	-	47,161	56,909	52,935
Totals, Personal Services	1,950.6	2,346.2	2,328.7	\$174,483	\$207,716	\$206,038
OPERATING EXPENSES AND EQUIPMENT				\$140,630	\$126,487	\$126,263
TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)				\$315,113	\$334,203	\$332,301
4 Unclassified	Positions			Expenditures		
	2007-08	2008-09	2009-10	2007-08*	2008-09*	2009-10*
Peace Officer's and Firefighters' Defined Contribution Benefits				\$11,626	\$13,445	\$15,468
Public Employees' Health Benefits				1,380,205	1,461,123	1,542,048
Public Employees' Retirement Benefits				11,283,878	12,871,927	13,789,105
Annuitants Health Care Payments				1,702	2,033	3,065
Volunteer Firefighter Award Payments				98	-	-
TOTALS, EXPENDITURES, ALL FUNDS (Unclassified)				\$12,677,509	\$14,348,528	\$15,349,686

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS (Reconciliation with Appropriations)

1 STATE OPERATIONS	2007-08*	2008-09*	2009-10*
0001 General Fund			
APPROPRIATIONS			
State Retirement Contribution to CalPERS (GF)	(\$1,649,700)	(\$1,663,850)	(\$1,663,850)
)))
TOTALS, EXPENDITURES	\$-	\$-	\$-
TOTALS, GENERAL FUND EXPENDITURES	\$-	\$-	\$-
0494 Other Unallocated Special Funds			
APPROPRIATIONS			
State Retirement Contribution to CalPERS (SF)	(\$899,837)	(\$907,554)	(\$907,554)
TOTALS, EXPENDITURES	\$-	\$-	\$-
0815 Judges' Retirement Fund			
APPROPRIATIONS			
015 Budget Act appropriation	(\$861)	(\$1,134)	(\$1,134)
Revised Expenditure Authority	(176)	(-)	-
State Constitution, Article XVI, Section 17	928	1,134	1,134
TOTALS, EXPENDITURES	\$928	\$1,134	\$1,134
0820 Legislators' Retirement Fund			
APPROPRIATIONS			
015 Budget Act appropriation	(\$411)	(\$454)	(\$454)
Revised Expenditure Authority	(3)	(-)	-
State Constitution, Article XVI, Section 17	377	454	454
TOTALS, EXPENDITURES	\$377	\$454	\$454
0822 Public Employees' Health Care Fund (PEHCF)			
APPROPRIATIONS			
001 Budget Act appropriation	(\$16,248)	\$-	\$-
Revised Expenditure Authority	(416)	(-)	-
015 Budget Act appropriation	-	(17,601)	(17,601)

* Dollars in thousands

1900 Public Employees' Retirement System - Continued

1 STATE OPERATIONS	2007-08*	2008-09*	2009-10*
Government Code Section 22911 (PERSCARE Administrative costs)	12,746	17,601	17,601
TOTALS, EXPENDITURES	\$12,746	\$17,601	\$17,601
0830 Public Employees' Retirement Fund			
APPROPRIATIONS			
003 Budget Act appropriation	(\$555,635)	(\$963,170)	(\$963,170)
Revised Expenditure Authority	(-156,175)	(-)	-
015 Budget Act appropriation	(264,501)	(277,215)	(275,085)
Revised Expenditure Authority	(11,340)	(-)	-
State Constitution, Article XVI, Section 17	271,668	277,165	275,035
Government Code Section 20236 (Investment related bill analysis)	50	50	50
TOTALS, EXPENDITURES	\$271,718	\$277,215	\$275,085
0833 Annuitants' Health Care Coverage Fund			
APPROPRIATIONS			
015 Budget Act appropriation	(\$285)	(\$552)	(\$552)
Revised Expenditure Authority	(-22)	(-)	-
Government Code Section 22940	131	552	552
TOTALS, EXPENDITURES	\$131	\$552	\$552
0884 Judges' Retirement System II Fund			
APPROPRIATIONS			
015 Budget Act appropriation	(\$579)	(\$685)	(\$685)
Revised Expenditure Authority	(46)	(-)	-
State Constitution, Article XVI, Section 17	566	685	685
TOTALS, EXPENDITURES	\$566	\$685	\$685
0950 Public Employees Contingency Reserve Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$26,519	\$29,725	\$26,820
Allocation for employee compensation	358	13	-
Adjustment per Section 3.60	-25	-6	-
017 Budget Act appropriation	236	247	247
Allocation for employee compensation	10	-	-
Prior year balances available:			
Item 1900-001-0950, Budget Act of 2007, as reappropriated by Item 1900-490, Budget Act of 2008	-	3,140	3,140
Totals Available	\$27,098	\$33,119	\$30,207
Unexpended balance, estimated savings	-4,141	-	-
Balance available in subsequent years	-	-3,140	-
TOTALS, EXPENDITURES	\$22,957	\$29,979	\$30,207
0962 Volunteer Firefighter Length of Service Award Fund			
APPROPRIATIONS			
015 Budget Act appropriation	(\$151)	\$-	\$-
Revised Expenditure Authority	(-39)	(-)	-
State Constitution, Article XVI, Section 17	101	-	-
TOTALS, EXPENDITURES	\$101	\$-	\$-
0988 Various Other Unallocated Non-Governmental Cost Funds			
APPROPRIATIONS			
State Retirement Contribution to CalPERS (NGC)	(\$449,918)	(\$453,777)	(\$453,777)
TOTALS, EXPENDITURES	\$-	\$-	\$-
0995 Reimbursements			
APPROPRIATIONS			
Reimbursements	\$5,589	\$6,583	\$6,583

* Dollars in thousands

1900 Public Employees' Retirement System - Continued

1 STATE OPERATIONS	2007-08*	2008-09*	2009-10*
TOTALS, EXPENDITURES, ALL FUNDS (State Operations)	\$315,113	\$334,203	\$332,301
4 UNCLASSIFIED	2007-08*	2008-09*	2009-10*
0615 State Peace Officer's and Firefighters' Defined Contribution Plan Fund			
APPROPRIATIONS			
Government Code Sections 22960.45-22960.48 (benefits paid)	<u>\$11,626</u>	<u>\$13,445</u>	<u>\$15,468</u>
TOTALS, EXPENDITURES	\$11,626	\$13,445	\$15,468
0822 Public Employees' Health Care Fund (PEHCF)			
APPROPRIATIONS			
Government Code Section 22840.2 (benefits paid)	<u>\$1,380,205</u>	<u>\$1,461,123</u>	<u>\$1,542,048</u>
TOTALS, EXPENDITURES	\$1,380,205	\$1,461,123	\$1,542,048
0830 Public Employees' Retirement Fund			
APPROPRIATIONS			
Government Code Sections 20170-20178 benefits paid	\$10,884,417	\$11,908,757	\$12,825,935
Government Code Sections 20172 and 20208 (Other Investment-related expenses)	28,608	15,400	15,400
Government Code Section 20210 (External Investment Advisors)	<u>370,853</u>	<u>947,770</u>	<u>947,770</u>
TOTALS, EXPENDITURES	\$11,283,878	\$12,871,927	\$13,789,105
0833 Annuitants' Health Care Coverage Fund			
APPROPRIATIONS			
Government Code Sections 22940 (benefits paid)	<u>\$1,702</u>	<u>\$2,033</u>	<u>\$3,065</u>
TOTALS, EXPENDITURES	\$1,702	\$2,033	\$3,065
0962 Volunteer Firefighter Length of Service Award Fund			
APPROPRIATIONS			
Government Code Section 50956 (Service Award Payments)	<u>\$98</u>	<u>\$-</u>	<u>\$-</u>
TOTALS, EXPENDITURES	\$98	\$-	\$-
TOTALS, EXPENDITURES, ALL FUNDS (Unclassified)	\$12,677,509	\$14,348,528	\$15,349,686
TOTALS, EXPENDITURES, ALL FUNDS (State Operations and Unclassified)	\$12,992,622	\$14,682,731	\$15,681,987

FUND CONDITION STATEMENTS

	2007-08*	2008-09*	2009-10*
0615 State Peace Officer's and Firefighters' Defined Contribution Plan Fund ^N			
BEGINNING BALANCE	\$335,378	\$352,816	\$419,422
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
215000 Income From Investments	-22,411	27,343	32,505
299000 Employer Contributions	<u>51,475</u>	<u>52,708</u>	<u>53,941</u>
Total Revenues, Transfers, and Other Adjustments	<u>\$29,064</u>	<u>\$80,051</u>	<u>\$86,446</u>
Total Resources	\$364,442	\$432,867	\$505,868
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
1900 Public Employees' Retirement System (Unclassified)	11,626	13,445	15,468
Retirement Allowances	<u> </u>	<u> </u>	<u> </u>
Total Expenditures and Expenditure Adjustments	<u>\$11,626</u>	<u>\$13,445</u>	<u>\$15,468</u>
FUND BALANCE	\$352,816	\$419,422	\$490,400
0822 Public Employees' Health Care Fund (PEHCF) ^N			
BEGINNING BALANCE	\$452,690	\$599,264	\$743,866
Prior year adjustments	<u>-4,110</u>	<u>-</u>	<u>-</u>
Adjusted Beginning Balance	\$448,580	\$599,264	\$743,866
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			

* Dollars in thousands

1900 Public Employees' Retirement System - Continued

	2007-08*	2008-09*	2009-10*
215000 Income From Investments (Interest)	34,579	34,291	41,056
221000 Contributions to Fiduciary Funds (Premiums)	<u>1,509,064</u>	<u>1,589,051</u>	<u>1,588,360</u>
Total Revenues, Transfers, and Other Adjustments	<u>\$1,543,643</u>	<u>\$1,623,342</u>	<u>\$1,629,416</u>
Total Resources	\$1,992,223	\$2,222,606	\$2,373,282
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0840 State Controller (State Operations)	7	12	-
1900 Public Employees' Retirement System			
State Operations	12,746	17,601	17,601
Administrative Cost - PERS			
Unclassified	1,380,205	1,461,123	1,542,048
Administrative Cost - Controllers	(3,855)	(6,240)	(6,433)
Administrative Cost - Carriers	(62,044)	(67,780)	(71,288)
Medical Payments	(916,549)	(977,771)	(1,043,083)
Drug Payments	(397,757)	(409,332)	(421,244)
9670 Equity Claims of California Victim Compensation and Government Claims Board and (State Operations)	1	4	-
Total Expenditures and Expenditure Adjustments	<u>\$1,392,959</u>	<u>\$1,478,740</u>	<u>\$1,559,649</u>
FUND BALANCE	\$599,264	\$743,866	\$813,633

0830 Public Employees' Retirement Fund ^N

BEGINNING BALANCE	\$246,782,722	\$242,141,829	\$258,720,927
Prior year adjustments	<u>8,041,795</u>	<u>-</u>	<u>-</u>
Adjusted Beginning Balance	\$254,824,517	\$242,141,829	\$258,720,927
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
215000 Income From Investments	-11,705,571	18,765,992	20,050,872
221000 Contributions to Fiduciary Funds	10,754,877	11,147,731	11,197,731
221000 Refunds of Contributions	-182,415	-191,189	-201,513
299000 Other	<u>6,202</u>	<u>5,895</u>	<u>5,895</u>
Total Revenues, Transfers, and Other Adjustments	<u>-\$1,126,907</u>	<u>\$29,728,429</u>	<u>\$31,052,985</u>
Total Resources	\$253,697,610	\$271,870,258	\$289,773,912
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0840 State Controller (State Operations)	185	189	-
1900 Public Employees' Retirement System			
State Operations	271,718	277,215	275,085
Support	(271,668)	(277,165)	(275,035)
Investment Related Bill Analysis (Government Code Section 20236)	(50)	(50)	(50)
Unclassified	11,283,878	12,871,927	13,789,105
Retirement Allowances	(10,818,590)	(11,838,783)	(12,751,553)
Death Benefits	(65,827)	(69,974)	(74,382)
External Investment Advisors	(370,853)	(947,770)	(947,770)
Other Investment-Related Expenses	<u>(28,608)</u>	<u>(15,400)</u>	<u>(15,400)</u>
Total Expenditures and Expenditure Adjustments	<u>\$11,555,781</u>	<u>\$13,149,331</u>	<u>\$14,064,190</u>
FUND BALANCE	\$242,141,829	\$258,720,927	\$275,709,722
Reserve for deficiencies	484,283	489,127	494,018
Remaining assets available for future benefits	241,657,546	258,231,800	275,215,704

0833 Annuitants' Health Care Coverage Fund ^N

BEGINNING BALANCE	\$11,440	\$643,639	\$1,290,864
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* Dollars in thousands

1900 Public Employees' Retirement System - Continued

	2007-08*	2008-09*	2009-10*
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
215000 Income from Investments	-21,877	71,860	115,336
22100 Contributions to Fiduciary Funds	655,030	580,000	405,000
299000 Other Revenues	879	-	-
22100 Refunds of Contributions	-	-2,050	-2,800
Total Revenues, Transfers, and Other Adjustments	<u>\$634,032</u>	<u>\$649,810</u>	<u>\$517,536</u>
Total Resources	\$645,472	\$1,293,449	\$1,808,400
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
1900 Public Employees' Retirement System			
State Operations	131	552	552
Unclassified	1,702	2,033	3,065
Total Expenditures and Expenditure Adjustments	<u>\$1,833</u>	<u>\$2,585</u>	<u>\$3,617</u>
FUND BALANCE	\$643,639	\$1,290,864	\$1,804,783
0950 Public Employees Contingency Reserve Fund ^N			
BEGINNING BALANCE	\$35,494	\$14,595	\$11,336
Prior year adjustments	2,999	-	-
Adjusted Beginning Balance	\$38,493	\$14,595	\$11,336
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
215000 Income from Investments (Interest)	8,030	1,130	877
221000 Contributions to Fiduciary Funds (Administrative)	14,927	25,027	24,952
299400 Federal Governmental receipts for State Account for State Government Medicare Drug Subsidies	38,950	37,344	34,903
Total Revenues, Transfers, and Other Adjustments	<u>\$61,907</u>	<u>\$63,501</u>	<u>\$60,732</u>
Total Resources	\$100,400	\$78,096	\$72,068
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0840 State Controller (State Operations)	17	218	-
1900 Public Employees' Retirement System (State Operations)	22,957	29,979	30,207
9650 Health and Dental Benefits for Annuitants (State Operations)	62,831	36,563	36,563
Total Expenditures and Expenditure Adjustments	<u>\$85,805</u>	<u>\$66,760</u>	<u>\$66,770</u>
FUND BALANCE	\$14,595	\$11,336	\$5,298
0962 Volunteer Firefighter Length of Service Award Fund ^N			
BEGINNING BALANCE	\$3,702	-	-
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
Transfer to the California State Fire Employees Welfare Benefit Corporations (Chapter 651, Statutes of 2007)	-3,503	-	-
Total Revenues, Transfers, and Other Adjustments	<u>-\$3,503</u>	-	-
Total Resources	\$199	-	-
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
1900 Public Employees' Retirement System			
State Operations	101	-	-
Unclassified	98	-	-
Service Award Payments	-	-	-
Total Expenditures and Expenditure Adjustments	<u>\$199</u>	-	-
FUND BALANCE	-	-	-

* Dollars in thousands

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